

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA	:	CRIMINAL NO. _____
v.	:	DATE FILED: _____
	:	VIOLATIONS:
PETER BROTMAN	:	18 U.S.C. § 1343 (wire fraud - 14 counts)
	:	18 U.S.C. § 1341 (mail fraud - 1 count)
	:	18 U.S.C. § 1344 (bank fraud - 1 count)
	:	Notice of forfeiture

INDICTMENT

COUNT ONE

THE GRAND JURY CHARGES THAT:

INTRODUCTION

At all times relevant to this indictment:

1. Pennsylvania Motor Sports (“PaMS”) was a corporation located in Oaks, Pennsylvania. PaMS was engaged in the business of selling classic and vintage cars.
2. Defendant PETER BROTMAN was the owner and chief executive officer of PaMS.
3. In addition to selling cars from its own inventory, PaMS took cars on consignment with the promise to sell the cars and give the sales proceeds to the owners of the cars after deducting expenses and the commission.
4. PaMS’s customers were individuals who collected classic cars or purchased classic cars as an investment.

5. Willow Grove Bank was a financial institution insured by the Federal Deposit Insurance Corporation ('FDIC'), certificate number 30089. Willow Grove Bank provided lines of credit and other financial services to PaMS.

6. America Online Inc. ("AOL") provided electronic mail ("e-mail") service to its approximately 20 million members in the United States alone. All e-mail sent to or by an AOL member was routed through an AOL facility in Virginia.

7. Defendant PETER BROTMAN maintained an e-mail account with AOL.

THE SCHEME

8. From in or about November 2002 through in or about December 2004, defendant

PETER BROTMAN

devised and intended to devise a scheme to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS

It was part of the scheme that:

9. Defendant PETER BROTMAN took cars on consignment from his victim customers, sold the cars, and kept the proceeds for himself. When asked to produce the sales proceeds, defendant BROTMAN made material misrepresentations to his customers to keep them from filing lawsuits or complaining to law enforcement authorities.

10. Rather than paying the victim customers, defendant PETER BROTMAN stalled them by saying he would pay them what he owed after he brokered the sale of a \$450

million European art collection. This method of payment had not been agreed to by the victim customers.

11. To further stall the victim customers, defendant PETER BROTMAN also sent some of his victim customers checks drawn on bank accounts that defendant BROTMAN knew did not contain sufficient funds to pay the checks.

12. By not paying the victim customers the proceeds of the sales, defendant PETER BROTMAN stole more than \$1.2 million.

THE VICTIMS AND THEIR LOSSES

KL - Victim #1

_____ 13. KL was the owner of a 1998 Bentley. KL entered into an agreement with defendant PETER BROTMAN whereby defendant BROTMAN agreed to sell KL's Bentley automobile.

14. Instead of selling the car as he had agreed to do, defendant PETER BROTMAN without authority gave KL's car to a third party as partial payment for a debt that defendant BROTMAN owed the third party.

15. When asked to remit the proceeds from the sale of the car, defendant PETER BROTMAN sent numerous e-mails and faxes to KL and his attorneys which were designed to lull KL into not filing a lawsuit or complaining to law enforcement authorities.

16. In his e-mails and faxes, defendant PETER BROTMAN told KL that KL would be paid the value of his vehicle from a commission that defendant BROTMAN expected to earn from the sale of a European art collection valued at approximately \$450 million.

17. As a result of defendant PETER BROTMAN's material misrepresentations and omissions, KL lost approximately \$72,000.

DC - Victim #2

18. DC was an individual who invested in a series of business deals with defendant PETER BROTMAN. These deals involved the purchase and resale of undervalued classic/vintage cars with the expectation of earning a profit.

19. Defendant PETER BROTMAN failed to pay DC his portion of the proceeds earned from the investments. In an attempt to lull DC into not complaining to law enforcement authorities, or filing a law suit against him, defendant BROTMAN sent DC a series of e-mails promising to pay DC the profits that he had earned from the investments when defendant BROTMAN received a commission from the sale of a European art collection valued at approximately \$450 million. Defendant BROTMAN faxed false materials showing that he earned a commission from another sale.

20. As a result of defendant PETER BROTMAN's material misrepresentations and omissions, DC lost approximately \$600,000.

JL - Victim #3

21. JL was the owner of a 1933 Ford Hot Rod Truck ("JL's truck"). JL entered into an agreement with defendant PETER BROTMAN whereby defendant BROTMAN agreed to sell JL's truck.

22. Defendant PETER BROTMAN sold JL's truck and kept the proceeds from the sale.

23. Defendant PETER BROTMAN sent JL an e-mail which offered

reasons why he had failed to pay JL even though he had sold JL's truck. The purpose of this e-mail was to lull JL into not filing a lawsuit against him or complaining to law enforcement authorities.

24. In response to defendant PETER BROTMAN's e-mail, JL wrote a letter to defendant BROTMAN in which JL demanded that defendant BROTMAN pay him \$59,000 which was the value of the truck. Despite JL's demand for payment, defendant BROTMAN ignored the request.

25. As a result of defendant PETER BROTMAN's material misrepresentations and omissions, JL lost approximately \$59,000.

RB - Victim #4

26. RB was the owner of a 1954 Jaguar automobile. RB entered into an agreement with defendant PETER BROTMAN which provided that defendant BROTMAN would sell RB's car, deduct his commission, and pay the remaining sales proceeds to RB. Defendant BROTMAN sold the car and kept the proceeds.

27. Defendant PETER BROTMAN and RB had numerous telephone conversations regarding defendant BROTMAN's intent to pay RB for his vehicle. Most of these calls occurred while defendant BROTMAN was in Europe.

28. Defendant PETER BROTMAN told RB that he had received a check from the purchaser of RB's car, but that the purchaser had made the check payable to both RB and defendant BROTMAN. In an attempt to further mislead and deceive RB, defendant BROTMAN told RB that he was going to obtain a power of attorney which would permit RB to take possession of the check and cash it. Defendant BROTMAN never honored this promise, nor

did he respond to any additional inquiries made by RB.

29. As a result of defendant PETER BROTMAN's material misrepresentations and omissions, RB lost approximately \$56,000.

AK - Victim #5

30. AK was the owner of two vehicles: (a) a 1964 Rolls Royce and (b) a 1988 Aston Martin. AK entered into an agreement with defendant PETER BROTMAN which provided that defendant BROTMAN would sell AK's cars, deduct his commission, and pay the remaining sales proceeds to AK.

31. Defendant PETER BROTMAN sold AK's 1964 Rolls Royce and, by fax, directed that buyer to send the proceeds from the sale to a third individual. Defendant BROTMAN also sold AK's 1988 Aston Martin and kept the proceeds.

32. As a result of defendant PETER BROTMAN's material misrepresentations and omissions, AK lost approximately \$77,000.

LP - Victim #6

33. LP was the owner of a 1987 Rolls Royce automobile. LP entered into an agreement with defendant PETER BROTMAN which provided that defendant BROTMAN would sell LP's car, deduct his commission and pay the remaining sales proceeds to LP.

34. Instead of selling LP's car as he had promised, defendant PETER BROTMAN without authority gave LP's car to a third party as payment for a debt that defendant BROTMAN owed to the third party.

35. As a result of defendant PETER BROTMAN's material misrepresentations and omissions, LP lost approximately \$100,000.

CC- Victim # 7

36. CC was the owner of a 1948 Packard automobile. CC entered into an agreement with defendant PETER BROTMAN which provided that defendant BROTMAN would sell CC's car, deduct his commission, and pay the remaining sales proceeds to CC.

37. Defendant PETER BROTMAN sold CC's vehicle and kept the proceeds. When asked to remit the proceeds from the sale of the car, defendant BROTMAN sent numerous e-mails and faxes to CC which were an attempt to lull CC into not filing a lawsuit against him or complaining to law enforcement authorities.

38. In recognition of the debt that he owed CC from the sale of the car, defendant PETER BROTMAN sent an e-mail to CC which described miscellaneous items of tangible personal property, such as a model airplane, that defendant BROTMAN offered to give CC in lieu of the cash proceeds obtained from the sale of CC's car.

39. As a result of defendant PETER BROTMAN's material misrepresentations and omissions, CC lost approximately \$20,000.

NC - Victim #8

40. NC was the owner of several cars including three Ferraris and one Cobra. NC entered into an agreement with defendant PETER BROTMAN which provided that defendant BROTMAN would sell NC's cars, deduct his commission, and pay the remaining sales proceeds to NC. Defendant BROTMAN sold NC's cars, made a partial payment to NC and his manager, but kept the remaining proceeds.

41. When asked to remit the remaining proceeds from the sale of the cars, defendant PETER BROTMAN sent numerous e-mails and faxes to NC and his business manager

which were an attempt to lull NC into not filing a lawsuit against him or complaining to law enforcement authorities.

42. In his e-mails to NC and his business manager, defendant PETER BROTMAN promised to pay the debt that he owed NC from the sale of several paintings.

43. As a result of defendant PETER BROTMAN's material misrepresentations and omissions regarding his promise to pay the remaining amount of the sale proceeds realized from the disposition of NC's cars, NC lost approximately \$300,000.

44. On or about the dates listed below, in the Eastern District of Pennsylvania, and elsewhere, defendant

PETER BROTMAN,

for the purpose of executing the scheme described above, caused to be transmitted by means of wire communication in interstate commerce the signals and sounds described below, each transmission constituting a separate count:

<u>COUNT</u>	<u>DATE</u>	<u>DESCRIPTION</u>
1	October 17, 2003	E-mail transmission between defendant PETER BROTMAN and counsel for KL in which defendant BROTMAN promised that funds would be available the week following October 17, 2003.
2	October 21, 2003	E-mail transmission between defendant PETER BROTMAN and counsel for KL in which defendant BROTMAN stated that he had proof of funds from a \$450 million art deal to make payment.
3	October 21, 2003	E-mail transmission between defendant PETER BROTMAN and counsel for KL in which defendant BROTMAN claimed to have proof of funds to make repayment.

4	October 27, 2002	Fax transmission from defendant PETER BROTMAN to DC regarding the purchase agreement between PaMS and Oakmont Corporation.
5	November 25, 2002	E-mail transmission between defendant PETER BROTMAN and DC in which defendant BROTMAN indicated that he had made money from the sale of other cars.
6	December 8, 2002	E-mail transmission between defendant PETER BROTMAN and DC in which defendant BROTMAN indicated that he had made money from the sale of other cars.
7	February 14, 2003	E-mail transmission between defendant PETER BROTMAN and DC in which defendant BROTMAN indicated that he had made money from the sale of other cars.
8	October 2, 2003	E-mail transmission between defendant PETER BROTMAN and DC in which defendant BROTMAN represented that a European Art sale would provide funds to repay \$600,000 to DC.
9	September 4, 2003	Fax transmission from RB to defendant PETER BROTMAN regarding a prior conversation about a power of attorney that defendant BROTMAN had promised to execute to allow repayment of RB.
10	March 10, 2003	Fax transmission from PaMS to Gullwing Motor Car Company regarding the sale of AK's car with instructions that the purchaser of the car send the proceeds to a party other than AK, or defendant PETER BROTMAN, as payment for a debt that defendant BROTMAN owed Stokes & Stokes in Marshall, Texas.
11	March 16, 2003	Fax transmission of a bill of sale between PaMS and European Auto Body regarding the sale of LP's car.

12	March 12, 2004	E-mail transmission between defendant PETER BROTMAN and CC pertaining to miscellaneous items, such as model airplanes, that defendant PETER BROTMAN offered to CC as a substitute payment for the proceeds that defendant BROTMAN received from the sale of CC's car.
13	April 5, 2004	E-mail transmission between defendant PETER BROTMAN and SL, the business manager for NC, regarding a modification of the art deal which represented that the sale of art would provide funds to pay NC.
14	April 20, 2004	E-mail transmission between defendant PETER BROTMAN and SL, the business manager for NC, regarding a modification of the art deal which would provide funds to pay NC.

_____ All in violation of Title 18, United States Code, Section 1343.

COUNT FIFTEEN

THE GRAND JURY FURTHER CHARGES THAT:

_____ 1. Paragraphs 1 through 5 of Count One are incorporated by reference here.

THE SCHEME

2. From in or about September 2002 to on or about June 4, 2003, defendant

PETER BROTMAN

devised and intended to devise a scheme to defraud, and to obtain money and property by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS

It was part of the scheme that:

3. Defendant PETER BROTMAN entered into a contract with JL which provided that defendant BROTMAN would take possession of JL's 1933 Ford Hot Rod Truck, sell the truck, deduct his commission and send the remaining proceeds from the sale to JL.

4. Defendant PETER BROTMAN sold JL's truck and kept the proceeds from the sale but did not inform JL that his truck had been sold.

5. In response to questions from JL regarding the sale of his truck, defendant PETER BROTMAN responded with a variety of reasons why the truck had not been sold when, in fact, he had already sold the truck at the time that he made these misrepresentations.

6. When JL became aware that defendant PETER BROTMAN had sold his truck and confronted him with this fact, defendant BROTMAN gave JL a check for

\$57,000 coupled with the request that JL not deposit the check for a period of 10 days. JL agreed to hold the check for the time period requested by defendant BROTMAN. The check was subsequently dishonored due to insufficient funds when JL deposited the check into his account.

7. On or about June 4, 2003, in Philadelphia, in the Eastern District of Pennsylvania, and elsewhere, defendant

PETER BROTMAN,

for the purpose of executing the scheme described above, and attempting to do so, received and took from an authorized depository for mail matter any matter or thing, that is, a certified letter written to defendant BROTMAN by JL, sent in response to a prior e-mail from defendant BROTMAN, which certified letter demanded payment of \$59,000 for the sale of JL's 1933 truck.

In violation of Title 18, United States Code, Section 1341.

COUNT SIXTEEN

THE GRAND JURY FURTHER CHARGES THAT:

- _____ 1. Paragraphs 1 through 5 of Count One are incorporated by reference here.
2. From in or about 2002 until in or about 2004, in Philadelphia, in the Eastern District of Pennsylvania, defendant

PETER BROTMAN,

knowingly executed, and attempted to execute, a scheme to defraud Willow Grove Bank, and to obtain monies owned by and under the care, custody, and control of that bank by means of false and fraudulent pretenses, representations, and promises.

THE SCHEME

It was part of the scheme that:

3. Defendant PETER BROTMAN applied for and obtained a line of credit from Willow Grove Bank to finance the purchase of cars to be held as inventory. The line of credit was secured by a second mortgage on defendant BROTMAN's primary residence and on vehicles allegedly owned by defendant BROTMAN and PaMS.
4. The agreement provided further that Willow Grove Bank would place liens on PaMS's vehicles and take possession of the titles to these vehicles. When defendant PETER BROTMAN sold cars, Willow Grove Bank would release the titles to defendant BROTMAN who would then substitute other vehicles and titles to maintain the security of the lien which secured the line of credit.

5. Although the line of credit required him to do so, defendant PETER BROTMAN did not give Willow Grove Bank the titles to all of the vehicles that he listed on the asset schedules given to the bank. When asked for the titles, defendant BROTMAN offered a variety of reasons why he had not turned over the titles including that the titles were on file with the Pennsylvania Department of Motor Vehicle in Harrisburg or that vehicles were being stored in other states.

6. In addition to the line of credit, which eventually totalled approximately \$850,000, Willow Grove Bank also gave defendant PETER BROTMAN a second loan for approximately \$105,000 to purchase a tractor trailer to be used to transport his vehicles.

7. In response to the dishonoring of several checks written on his bank accounts for insufficient funds, Willow Grove Bank attempted to physically verify the existence of each car that defendant PETER BROTMAN had listed on the schedules that he gave Willow Grove Bank as security for the line of credit. This inspection revealed that defendant BROTMAN did not have possession of all of the cars that he claimed to have.

8. Defendant PETER BROTMAN also sent people who purchased cars to Willow Grove Bank to get their vehicle title when, in fact, the Bank did not have the titles on these cars.

9. Willow Grove Bank demanded that defendant PETER BROTMAN pay down his line of credit and sell the tractor trailer to help reduce the line of credit. Defendant BROTMAN sold the tractor trailer, which was secured by the loan, and kept the proceeds. He also stopped paying on the line of credit and refused to answer

correspondence sent to him by the bank.

10. As a result of defendant PETER BROTMAN's material misrepresentations and omissions regarding the cars listed on his asset schedules and his refusal to make payment to Willow Grove Bank, the bank was defrauded approximately \$1 million.

In violation of Title 18, United States Code, Section 1344.

NOTICE OF FORFEITURE

THE GRAND JURY FURTHER CHARGES THAT:

1. As a result of the violations of Title 18, United States Code, Sections 1341, 1343 and 1344, as charged in this indictment, defendant

PETER BROTMAN

shall forfeit to the United States any and all property, real or personal, involved in such offenses, or any property traceable to such property, including, but not limited to a sum of money equal to \$2,300,000 in United States Currency.

2. If any of the forfeitable property, as describe above, as a result of any act or omission of the defendant:

- (a) cannot be located upon the exercise of due diligence;
- (b) has been transferred or sold to, or deposited with, a third party;
- © has been placed beyond the jurisdiction of the Court;

- (d) has been substantially diminished in value; or
- (e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property described above.

In violation of Title 18, United States Code, Section 982 (a)(1).

A TRUE BILL:

GRAND JURY FOREPERSON

**PATRICK L. MEEHAN
UNITED STATES ATTORNEY**

